

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 NEA-10 ISO-00 SP-02 USIA-06 AID-05
EB-08 NSC-05 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 L-03 H-01 PA-01 PRS-01 IO-13 /104 W
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FM AMEMBASSY MANILA
TO SECSTATE WASHDC 3082
INFO AMEMBASSY KATHMANDU

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USADB

FOR NAC AGENCIES

E.O. 11652: NA
TAGS: EAID, EFIN
SUBJECT: SECOND AGRICULTURAL CREDIT PROJECT (NEPAL)

SUMMARY: ADB PRESIDENT RECOMMENDS APPROVAL OF BOARD OF DIRECTORS TO MODIFICATION OF ORIGINAL SCOPE OF SUBJECT PROJECT AND REALLOCATION OF REMAINING PORTION OF LOAN PROCEEDS AMOUNTING TO \$399,000 TO ENABLE CONSTRUCTION OF 32 ADDITIONAL WAREHOUSES. USADB DOES NOT PLAN TO OBJECT. END SUMMARY.

1. IN APRIL 1974, ADB BOARD OF DIRECTORS APPROVED \$3.0 MILLION SPECIAL FUNDS LOAN TO NEPAL FOR SECOND AGRICULTURAL CREDIT PROJECT, WITH AGRICULTURAL DEVELOPMENT BANK OF NEPAL (ADBN) AS EXECUTING AGENCY. PROJECT CONSISTS OF PROVISION OF CREDIT FACILITIES TO AGRICULTURAL COOPERATIVES AND FARMERS IN CENTRAL AND EASTERN TERAI REGION AND SELECTED HILL DISTRICTS FOR DEVELOPMENT OF FARM-LEVEL PRODUCTION, STORAGE, PROCESSING AND MARKETING INFRASTRUCTURE. PROJECT WAS ORIGINALLY LIMITED OFFICIAL USE

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ENVISAGED TO INCLUDE CONSTRUCTION OF APPROXIMATELY 135 COOPERATIVE WAREHOUSES AND FOUR COLD STORAGE UNITS, TOGETHER WITH RELATED MACHINERY AND EQUIPMENT; PROCUREMENT OF APPROXIMATELY 150 TRACTORS AND 300 POWER TILLERS, TOGETHER WITH RELATED IMPLEMENTS AND SPARE PARTS; AND PROCUREMENT OF ABOUT 120 MECHANICAL DRYERS FOR PILOT SCHEME IN GINGER AND CARDAMOM PROCESSING.

2. PROCUREMENT AND DISTRIBUTION OF TRACTORS AND POWER TILLERS HAVE BEEN SUBSTANTIALLY COMPLETED ON SCHEDULE. TRACTOR DISTRIBUTION TO FARMERS WAS ACCOMPLISHED IN EARLY 1976. OF 300 POWER TILLERS, 225 WERE DISTRIBUTED BY MAY 31, 1977 AND REMAINDER WERE EXPECTED TO BE DISTRIBUTED BY END-JULY. OF ABOUT 135 COOPERATIVE WAREHOUSES ORIGINALLY ENVISAGED, CIVIL WORKS CONTRACTS FOR CONSTRUCTION WORK IS NEARING COMPLETION. CONTRACTS FOR CONSTRUCTION OF THREE OF FOUR COLD STORAGE UNITS ORIGINALLY CONTEMPLATED WERE AWARDED IN MARCH 1977 AND ARE EXPECTED TO BE COMPLETED BY END-1977. FOURTH UNIT IS NO LONGER REQUIRED AS GOVERNMENT HAS BUILT ON FROM ITS OWN RESOURCES TO MEET IMMEDIATE NEEDS

3. RE PILOT SCHEME FOR PROCESSING GINGER AND CARDAMOM, ADBN SATISFACTORILY CARRIED OUT EXPERIMENTS ON PROCESSING METHODS. IT NOW CONSIDERS THAT LOCALLY MANUFACTURED PROCESSING EQUIPMENT WILL FULLY SERVE FARMERS' NEEDS, BEARING IN MIND BANK'S EFFORTS TO PROMOTE CONCEPT OF APPROPRIATE TECHNOLOGY. THUS, IT WILL NOT BE NECESSARY TO UTILIZE ALLOCATION FOR PROCUREMENT OF MECHANICAL DRYERS.

4. ADBN HAS THEREFORE REQUESTED REALLOCATION OF BALANCE OF LOAN PROCEEDS IN AMOUNT OF \$399,000 TO CATEGORY OF WAREHOUSES AND RELATED EQUIPMENT TO FACILITATE CONSTRUCTION OF LIMITED OFFICIAL USE

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CONSTRUCTION OF ABOUT 32 ADDITIONAL WAREHOUSES. WITH CONSTRUCTION OF THESE ADDITIONAL UNITS, A TOTAL OF 88 UNITS OUT OF ORIGINALLY ENVISAGED TOTAL OF 135 UNITS WOULD ULTIMATELY BE PROVIDED UNDER THE PROJECT, OR ABOUT 65 PERCENT OF TOTAL ORIGINALLY ENVISAGED. AS LOCATION OF WAREHOUSES IS WIDELY DISPERSED, THEY WOULD SERVE MOST OF PARTICIPATING FARMERS IN THE COOPERATIVES AND WOULD PROVIDE ROUGHLY 75 PERCENT OF REQUIRED CAPACITY AS ENVISAGED DURING APPRAISAL. REDUCTION IN NUMBER OF WAREHOUSES TO BE CONSTRUCTED HAS BEEN MAINLY CAUSED BY SUBSTANTIAL INCREASES IN COST OF CONSTRUCTION MATERIALS SINCE APPRAISAL.

5. ADB PRESIDENT RECOMMENDS THAT BOARD APPROVE MODIFICATION IN ORIGINAL SCOPE OF PROJECT AS INDICATED ABOVE. IF NO OBJECTION TO, OR REQUEST FOR DISCUSSION OF, RECOMMENDATION IS MADE BY AUGUST 16, IT WILL BE DEEMED TO HAVE BEEN APPROVED. USADB DOES NOT PLAN TO OBJECT. ADB DOC. R75477 ON THIS SUBJECT WAS POUCHED ADDRESSEES JULY 28.
EDMOND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
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Sent Date: 01-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Subject: SECOND AGRICULTURAL CREDIT PROJECT (NEPAL) SUMMARY: ADB PRESIDENT RECOMMENDS APPROVAL OF BOARD OF DIRECTORS TO MODIFICATION OF ORIGINAL SCOPE OF SUB
TAGS: EAID, EFIN
To: STATE
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